



March 16, 2011

Chairman Knollenberg and Members of the Committee,

The MCUL appreciates the opportunity to discuss issues and concerns with Michigan's foreclosure process. As economic hardships continue to affect many consumers, Michigan's credit unions are working hard with their members to avoid foreclosure whenever possible. As the sunset date of the 90 day foreclosure workout period approaches, the MCUL looks forward to working with the legislature on foreclosure process reform that strikes a fair balance between financial institutions and consumers.

To assist us in gathering information and data on credit union foreclosures in Michigan, the MCUL recently sent an online survey to our entire membership. 94 of the 327 Michigan credit unions completed the survey. With such a large number of respondents, we believe the information collected represents the average data for Michigan's credit union industry. Of those who completed our survey, 71% were credit unions smaller than \$120 million in assets and 29% were larger than \$120 million in assets.

The number of foreclosures varies from institution to institution. Factors such as the total number of loans and economic factors such as unemployment can have a significant impact on the data at each individual credit union. It's important to note that in 2010, the number of foreclosures at FDIC insured institutions was approximately four times higher than those at Michigan credit unions. CUs continue to be conservative lenders offering consumer friendly products and services.

Number of Foreclosures over the Past 3 Years

Total # of foreclosures: 1,383

Lowest # of foreclosures for any given institution: 0

Highest # of foreclosures for any given institution: 180

Average # of foreclosures per institution: 14.7

Of the 1,383 foreclosures reported by credit unions who completed the membership survey, only 51 properties were redeemed. This equates to an average redemption of 3.6% of homes in foreclosure. Despite this very low percentage of redemptions, credit unions continue to be burdened with the costs of carrying homes for the lengthy 6-12 month redemption period and the additional 90 day workout period approved by the Michigan legislature and Granholm administration. 73 of the 94 credit unions who completed this survey stated zero homes were reclaimed during the redemption period. Michigan has one of the longest redemption periods in the nation. Furthermore, 25 other states do not even have a foreclosure redemption period. The MCUL looks forward to working with the committee on further improving Michigan's foreclosure process to help lenders more efficiently carry out necessary foreclosures.

Sincerely,

Jordan Kingdon
Director of Government Affairs